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UNCLAS DJIBOUTI 000346

SIPDIS

STATE FOR AF/E; STATE ALSO PASS WORLD BANK AND IMF

E.O. 12958: N/A

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SUBJECT: AFRICAN DEVELOPMENT BANK WARY OF GIVING AID TO
DJIBOUTI

1. (U) African Development Bank (ADB) Economist charged with East Africa, Mahamadou Drame, met with Pol/Econ Off March 9th to discuss U.S. aid to Djibouti and ADB's plan for Djibouti. Drame inquired about which areas United States aid would cover and asked how money given to Djibouti is managed. He said he is tasked with coordinating with donors to better organize ADB's program to best help Djibouti. Drame was very interested in whether cooperation between international donor organizations was happening and whether there were plans to begin such cooperation. Pol/Econ Off noted that the Ambassador has expressed a desire to begin a similar coordination.

2. (U) Drame was especially concerned with the amount of money given to Djibouti in terms of military aid; how it was implemented, was there monitoring, and who controlled the money.

3. (U) Drame commented that ADB has put on hold the seven million dollars earmarked for Djibouti because IMF monitoring has not occurred for over a year. (Comment: He implied that ADB would like to release the funds during a period of IMF monitoring to ensure proper usage. End Comment.) Drame saluted the fact that the Government of Djibouti has put in place an entity dedicated to external financing within the Ministry of Finance. However, ADB still feels that Djibouti has many weaknesses that need to be addressed. Drame indicated that ADB could offer only a small amount of assistance to Djibouti because of its performance record.
RAGSDALE